

April 1, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

**QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (FIRST QUARTER 2003)**

In response to the increased level of CRA activity in the County and this office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report, covering activities during the first quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran or Jerry Ramirez at (213) 974-1130 or (213) 974-4282, respectively.

DEJ:LS  
MKZ:JR:nl

Attachment

c: County Counsel  
Auditor-Controller

**COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES**  
**Quarterly Report – First Quarter 2003 – April 1, 2003**

**New CRA Projects - Routine Notifications/Reports Provided to Board**

<b>CRA Projects</b>	<b>District</b>	<b>Type of Notification</b>	<b>Date Provided to Board</b>
Huntington Park Redevelopment Project (see below)	First	Preliminary Report	March 18, 2003
Valley-Durfee Redevelopment Project (El Monte)	First	Notice of Preparation of Draft Environmental Impact Report	March 4, 2003
La Mirada Merged Redevelopment Project (See Below)	Fourth	Notice of Preparation of Draft Environmental Impact Report	March 11, 2003

**Board Letters/Actions During Quarter**

<b>CRA Projects</b>	<b>District</b>	<b>Action</b>	<b>Date of Board Action</b>
Project Area No. 1 and Merged and Amended Project Area - City of Carson	Second	Subordination of tax increment	January 21, 2003

**Major Ongoing or Emergent CRA Issues**

**Avalon (Fourth District)**

**Issue:** The Agency and County disputed the method of calculating the project cap. Negotiations on amending the current agreement to resolve the dispute and address existing Agency needs have been ongoing.

**Status:** A previous proposal provided County deferral for capital projects in two phases with the second phase of deferral contingent upon achievement of agreed upon assessed value growth targets. Due to potential State Budget impacts on redevelopment, the proposed second phase will be removed from the proposal. First phase will provide the Agency with infrastructure funds as contemplated in the original agreement, and should not have a significant fiscal impact on the County, as the Agency is projected to repay all deferral.

### **Azusa (First District)**

Issue: The Agency is proposing an Amendment to add area, including three County parcels, to their Merged Central Business District. Board action is required before Agency can adopt Amendment.

Status: CAO staff is awaiting the issuance of the Preliminary Report, which will contain findings of blight and financial information. According to Agency staff, Amendment is planned to be adopted in July 2003.

### **Huntington Park (First District)**

Issue: CAO has received Preliminary Report for the Neighborhood Preservation Redevelopment Project. After several site visits and meetings with City staff, CAO has initial concerns regarding consistency with Community Redevelopment Law.

Status: CAO staff will work closely with County Counsel to review Agency's proposed redevelopment project, and work with Agency staff to try to resolve any concerns that emerge from this review.

### **La Mirada (Fourth District)**

Issue: The Agency issued the Initial Study, and is proceeding with project adoption.

Status: CAO staff will work with City staff to determine if the areas meet the legal definition of physical and economic blight.

### **Los Angeles - Little Tokyo (First District)**

Issue: The City is seeking to add area to the existing Little Tokyo Redevelopment Project.

Status: The proposed area is located in the Arts District section of Downtown Los Angeles east of Little Tokyo. CAO staff is awaiting the Preliminary Report, which will contain findings of blight and financial information.

### **Lynwood (Second District)**

Issue: A discrepancy was found in the administration of an existing project by the Auditor-Controller.

Status: County Counsel is preparing an MOU to clarify project administration.

### **Litigation**

### **Los Angeles - Chinatown (First District)**

**Issue:** Agency proposed to amend the Chinatown project by increasing the lifetime cap and extending time limits. Clause in the 1980 Tax Allocation Agreement requires the Agency to “negotiate in good faith” with the County regarding any amendments.

**Status:** Despite County objections, including inadequacy of plan, lack of an updated EIR, and breach of contract, the City adopted the project. The Board authorized legal action, and a lawsuit was filed. A Superior Court judge ruled that a Subsequent EIR was not necessary to reflect the changes in the project area since 1980. Argument on the plan inadequacy issue scheduled for April 28, 2003.

### **Los Angeles - City Center (First and Second Districts)**

**Issue:** Agency adopted the City Center Redevelopment Project on May 15, 2002. This project of approximately 880 acres in Downtown Los Angeles reestablishes as a new project much of the existing Central Business District (CBD) Project, which recently reached its court-validated project cap.

**Status:** The Board authorized litigation based on the Statement of Objection that was filed on May 1, 2002. The County is objecting to the Project on the basis that it violates the court-validated project cap on the CBD Project, and improperly includes 30 acres of non-blighted parking lots surrounding the Staples Center. County Counsel filed the lawsuit on June 25, 2002. Initial hearing scheduled for May 23, 2003.

### **Los Angeles - Central Industrial (First and Second Districts)**

**Issue:** The City adopted the Central Industrial Redevelopment Project on November 15, 2002. The project includes approximately 744 acres of primarily industrial areas located in the southeast section of Downtown Los Angeles. Similar to the City Center Project, the Central Industrial Project includes detachment of parcels from the CBD Project.

**Status:** CAO staff submitted a Statement of Objection on the bases that: the Project violates the CBD cap; the Agency provided insufficient review and consultation; and the Agency did not adequately justify the findings of economic blight. On December 17, 2002, the Board authorized a legal challenge to the Project. County Counsel filed the lawsuit on January 13, 2003. A hearing date has not yet been set.

## **Legislation**

### **SB 465**

**Issue:** This Bill would declare that local government would be able to establish Transit Village Redevelopment Areas centered on a rail transit station that would create new “blight” criteria, loosen existing redevelopment limits, and exempt pass-through obligations to taxing entities.

**Status:** CAO and County Counsel have developed an “oppose” analysis of the Bill.

### **AB 1235**

**Issue:** This bill would establish a procedure to allocate a portion of property tax revenue of a dissolved redevelopment agency to school entities.

**Status:** CAO staff is still reviewing Bill and will provide analysis after intent of bill becomes clear.

## **Other Projects**

### **Los Angeles Air Force Base**

**Issue:** In order to avoid closure, the Los Angeles Air Force Base in El Segundo developed a plan to exchange excess land for the construction of new facilities. The developer is currently planning on constructing a new residential community on the land it acquires. However, a gap exists between the value of the proposed residential project and the value of the new facilities the developer must construct for the Air Force.

**Status:** To assist in closing the gap, the new residential community will be transferred from the City of El Segundo to the City of Hawthorne, and be placed in a new redevelopment project. Tax increment from the redevelopment project, among other sources, is being proposed to close the gap. Preliminary plans include the County and City of Hawthorne contributing their shares of statutory pass-through payments on the new redevelopment project. CAO staff is evaluating this plan for its compliance with Community Redevelopment Law and reviewing fiscal assumptions reflected in the gap estimate.

## **Overall CRA Statistics**

Active CRA Projects	294
Pending CRA Projects	26